



# Health Service

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Deputy Director Strategic Planning

May 13, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

27 May 13, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Supervisors:

**AUTHORIZE THE COUNTY PURCHASING AGENT TO PROCEED  
WITH THE SOLE SOURCE ACQUISITION OF EQUIPMENT FOR  
THE DEPARTMENT OF HEALTH SERVICES FOR HARBOR-UCLA  
MEDICAL CENTER'S SURGERY AND EMERGENCY  
DEPARTMENTS REPLACEMENT PROJECT  
(SUPERVISORIAL DISTRICT 2)  
(3 VOTES)**

## SUBJECT

Authorize the County Purchasing Agent to proceed with the sole source acquisition of fixed medical equipment, including items with a purchase cost in excess of \$250,000, for the Department of Health Services, Harbor-UCLA Medical Center's Surgery and Emergency Departments Replacement Project.

## **IT IS RECOMMENDED THAT THE BOARD:**

Authorize the Internal Services Department (ISD), as the County's Purchasing Agent, to proceed with the acquisition of medical equipment, some items of which have a unit cost in excess of \$250,000, for the Department of Health Services (DHS), Harbor-UCLA Medical Center's (H-UCLA MC) Surgery and Emergency Departments Replacement Project, with a total cost of approximately \$6,467,270.

## PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this action will allow the DHS, Harbor-UCLA Medical Center to acquire on a sole source basis, the necessary medical equipment for the new Surgery/Emergency Departments Replacement Project. The Project is now ready to proceed with the equipment installation.

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The basis of the sole source acquisition with both vendors for each of the equipment listed in Attachment A, is due to the fact that Intuitive Surgical for the da Vinci Console Robotic Assisted Surgical System (Xi) and the da Vinci Fluorescence Imaging Surgical System (SiE) and Medtronic Navigation for the O-Arm Surgical Imaging System are the sole distributors/providers of this equipment.

On October 16, 2001, the Board adopted a purchasing policy whereby departments must obtain Board approval to purchase or finance equipment with a unit or system cost of \$250,000 or greater prior to submitting the requisition to the County's Purchasing Agent. The acquisition of this new medical equipment, identified in Attachment A will exceed the \$250,000 threshold.

#### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operational Effectiveness and Goal 3, Integrated Service Delivery of the County's Strategic Plan.

#### **FISCAL IMPACT/FINANCING**

The total estimated cost for the medical equipment, identified in Attachment A, is \$4,988,083. The equipment will be financed over a five-year period using Los Angeles County Capital Asset Leasing Corporation (LAC-CAL) equipment financing. The Board has already previously authorized the financed acquisition of this equipment in FY 2013-14. LAC-CAL financing costs over the five-year term will be \$1,014,537 resulting in a total equipment acquisition cost of \$6,002,620. The annual extended warranty costs of \$464,650 will be funded from the Department's operating budget. Funding for the LAC-CAL lease payments and extended warranty purchase is included in DHS' Fiscal Year (FY) 2013-2014 Final Budget and will be requested as continuing appropriation, as needed, in future fiscal years.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On October 16, 2001, the Board approved the classification categories for fixed assets (now referred to as capital assets) and new requirements for major capital assets purchases requiring County departments to obtain Board approval to purchase ordinance equipment with a unit cost of \$250,000 or greater prior to submitting their requisition to the County's Purchasing Agent.

#### **CONTRACTING PROCESS**

This acquisition of equipment falls under the statutory authority of the County Purchasing Agent and will be accomplished in accordance with the County's Purchasing Policies and Procedures established by ISD. ISD will negotiate a sole-

source agreement with both Intuitive Surgical and Medtronic Navigation as the sole distributors of the equipment identified in Attachment A.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendation will ensure the acquisition of medical equipment which is essential to the operation of H-UCLA MC's Surgery and Emergency Departments Replacement Project and will advance and expedite the care provided to its patients.

Respectfully submitted,

  
Mitchell H. Katz, M.D. Director

MHK:ls

Enclosure

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors  
Internal Services Department

# ATTACHMENT A

## Department of Health Services Harbor –UCLA Medical Center Surgery/Emergency Replacement Project Equipment Purchase Over \$250,000

Equipment Type	Equipment Price Cost (includes 9% sales tax)	Installation/ Labor	LAC-CAL Financing	Sub-Total	One-year Warranty	TOTAL
1) da Vinci Dual Console Robotic- Assisted Surgical System (Xi) Distributor: Intuitive Surgical	\$2,606,190	\$0	\$530,080	\$3,136,270	\$174,000	<b>\$3,310,270</b>
2) da Vinci Fluorescence Imaging Surgical System (SiE) Distributor: Intuitive Surginal	\$1,172,142	\$0	\$238,408	\$1,410,550	\$129,000	<b>\$1,539,550</b>
3) O-Arm Surgical Imaging System Distibutor: Medtronic Navigation	\$1,209,751	\$0	\$246,049	\$1,455,800	\$161,650	<b>\$1,617,450</b>
<b>GRAND TOTAL</b>	<b>\$4,988,083</b>		<b>\$1,014,537</b>	<b>\$6,002,620</b>	<b>\$464,650</b>	<b>\$6,467,270</b>